

## RURAL AUTONOMOUS SCHOOL NETWORK PROGRAM

(EC-0125)

### EXECUTIVE SUMMARY

**BORROWER AND:** Republic of Ecuador  
**GUARANTOR:**

**EXECUTING AGENCY:** Ministry of Education (MEC), through the Program Coordination Unit (PCU)

**AMOUNT AND SOURCE:**

IDB:	US\$40 million (OC/IFF)
	US\$ 5 million (OC)
Local counterpart funding:	US\$ 5 million
Total:	US\$50 million

**FINANCIAL TERMS AND CONDITIONS:**

Amortization period:	25 years
Disbursement period:	4 years
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75%
Currency:	Single Currency Facil-

**OBJECTIVES:** The program objectives are to: (i) grant autonomy to approximately 20% of rural schools to manage their own resources, with greater involvement by parents and community members in school administration; and (ii) improve teaching conditions in rural basic education (primary and lower secondary education) within the areas of influence of targeted schools.

**DESCRIPTION:** **The program.** The basic guiding principles for this program are as follows:

1. The focal point of education policy is institutions and, in the case of rural education, school
2. The networking of rural schools breaks through isolation and acts as a vehicle for ensuring access
3. Autonomous school networks make school management and help improve quality and the management of rural education.
4. Autonomy requires an appropriate incentive system location mechanism that reinforces it.
5. The empowerment of parents and communities in decision-making processes is the most effective way of sustainability at the local level.

The program objectives will be achieved through the following components:

Support for the autonomy-building process for rural school networks: (a) **Developing the capacity for**

**participatory, autonomous management in the networks.**

The following activities will be carried out:  
(i) design of instruments to support network administrative and educational management; (ii) training of Educational Support Units (UAEs), including regional NGOs, universities, etc., to strengthen school network management; (iii) network advisory services by UAEs; (iv) procurement of goods and services. (b) **Institutional adjustment of the MEC and provincial education offices.** The program will strengthen the respective MEC offices and provincial offices by training personnel and procuring equipment to improve the education planning system; and update the sector statistical and financial information system.

Improvement of teaching conditions in school networks. (a) **Project financing for school networks.**

The program will finance some 120 projects prepared by school networks using participatory methods, designed to resolve problems with their physical infrastructure, supplies of teaching materials, teacher training, etc. (b) **Teacher incentives.** Teachers will be given two types of monetary (nonwage) performance-based incentives. The first, for which most of the funding will be used, will pay all teachers with perfect attendance records a fixed monetary bonus (US\$25 per month). The second incentive is designed to encourage teachers to help make significant improvements in the academic environment.

Monitoring and evaluation. The program will include a mechanism for monitoring and evaluating the reforms to be instituted in the rural education system, particularly in matters pertaining to autonomous school management. The services of an outside institution will be hired to ensure the objectivity of this activity.

**ROLE OF THE  
PROJECT IN THE  
BANK'S COUNTRY AND  
SECTOR STRATEGY:**

The strategy agreed on by the government and the Bank is designed to make incremental, controlled changes in the management model for educational institutions in rural areas and the resource allocation system. The strategy is based on: (i) the institutional restructuring of the rural education system through the establishment of school networks; (ii) the transfer of administrative functions and responsibilities to school networks; (iii) the allocation of budgets to school networks based on objective indicators; and (iv) the implementation of mechanisms for educational administrators accountability to parents and the community. These reforms are to be instituted in a small group of rural school networks, subject to continuous monitoring and any necessary adjustments. Program outputs will be used for demonstration purposes, to encourage other rural schools and networks throughout the country to move quickly to voluntarily embrace the new autonomous school administration system. To support its expansion, upon completion of the mid-term program review, depending on its findings (see paragraph 3.23), the Bank would support preparation of a second phase, the cost and duration of which

would be determined in due course.

**ENVIRONMENTAL AND  
SOCIAL IMPACT  
REVIEW:**

The program activities will have no adverse impact on the environment.

**BENEFITS:**

The delegation of authority essential to their autonomous management will place rural school networks in a better position to meet their educational objectives. Greater autonomy will facilitate the adaptation of educational content and practices to cultural factors in the local environment. The program will set in motion the process of reforming the current incentive system, giving teachers and administrators incentives to use available resources more efficiently, rewarding teachers for effective performance and personal initiative, moving from the current financing mechanism based on the cost of educational inputs to a services-based mechanism under the new school network resource allocation system, and reducing current favoritism in the administration of rural education, providing all major stakeholders with incentives to improve the quality of education. The program will benefit 20% of rural schools, reaching approximately 150,000 students, 5,900 teachers and 2,400 schools. It will improve educational opportunities for the very poor and for low-income groups, and will boost enrollment figures among these segments of the population.

**RISKS:**

There may be some resistance to the new education management model on the part of certain groups of teachers and teacher organizations. However, this resistance should be mitigated by the following factors: (a) the program will grant teachers direct incentives and improve their working conditions; and (b) the empowerment of parents and communities and the inclusion of NGOs in efforts to bolster school networks will create new stakeholders in the education sector, thereby changing the terms of the public debate on education. Furthermore, existing weaknesses in the capability of the MEC to guide, support and monitor the autonomy-building process will be addressed by strengthening the Planning Office and provincial education offices.

**SPECIAL  
CONTRACTUAL  
CLAUSES:**

The conditions precedent to the first disbursement are as follows: (a) through an agreement entered into with the Ministry of Finance, the MEC must legally establish a mechanism for the allocation of resources to the networks to finance payroll and operations, and the mechanism must be fully implemented in the program networks upon execution of the year 2000 budget (paragraph 2.6); (b) the PCU must be established and its staff appointed (paragraph 3.4); (c) a call for proposals must be published initiating the hiring process for an outside evaluation agency, (paragraph 3.11); and (d) the Operating Regulations must enter into force (paragraph 3.13).

**POVERTY TARGETING  
AND SOCIAL SECTOR**

The program automatically qualifies as a poverty-targeted investment (PTI) because it supports basic

**CLASSIFICATION:** education (GN-1964-3). In addition, it is geographically targeted to the poorest communities in rural areas. Since the program targets low-income groups, the 90/10 matrix is being used (see paragraph 4.12).

**EXCEPTIONS TO BANK POLICY:** None

**PROCUREMENTS:** The procedures agreed upon by the Bank and the country on September 15, 1992 will be followed for the procurement of goods and services and the awarding of construction contracts under the program. It is recommended that procurement of goods and services in amounts equal to or greater than the equivalent of US\$250,000 be carried out through international competitive bidding. For procurement in amounts between US\$25,000 and US\$250,000 the provisions of the above-mentioned letter of agreement will be applied. Procurement below US\$25,000 will be carried out through direct contracting, without any need for prior nonobjection, subject only to an ex post review. In the case of works, the threshold for international competitive bidding is US\$1 million. Contracts for works valued at between US\$60,000 and US\$1 million will be awarded through local bidding, as specified in the letter of agreement. Minor works in amounts under US\$60,000 may be performed on force account by network school boards. Detailed procurement procedures are included in the respective PCU manuals. Procurement of consulting services will be carried out in accordance with Bank procedures.